

Control Section 3.60

| Issue | Description | Assembly | Senate | Difference | Conference Action |
|------------------------------|--|----------|--------|------------|-------------------|
| Control Section 03.60 | | | | | |
| 001 | Control Section 3.60. | 0 | 0 | 0 | |
| | Assembly approved this control section as budgeted. | | | | |
| | Senate amended the retirement rates included in this control section to incorporate the new rates adopted on May 19, 2004. | | | | |

Control Section 04.10

| Issue | Description | Assembly | Senate | Difference | Conference Action |
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Control Section 04.10

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|-----|---------------------------------|---|---|---|--|
| 211 | General Fund Reductions. | 0 | 0 | 0 | |
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Assembly rejected the proposed control section that would authorize the Director of Finance to reduce appropriations by \$150 million General Fund.

Senate adopted the revenue estimate and replaced the proposed Control Section 4.10 language with:

It is the intent of the Legislature to adjust appropriations from the General Fund in order to generate savings for the state.

Control Section 04.20

| Issue | Description | Assembly | Senate | Difference | Conference Action |
|------------------------------|--|----------|--------|------------|-------------------|
| Control Section 04.20 | | | | | |
| 101 | Change in Percentage for Contingency Reserve Fund | 0 | 0 | 0 | |
| | Assembly decreased the Contingency Reserve Fund rate to .425 percent in order to maintain a three month reserve. | | | | |
| | Senate approved Contingency Reserve Fund rate as budgeted (.5 percent). | | | | |

Control Section 04.35

| Issue | Description | Assembly | Senate | Difference | Conference Action |
|------------------------------|---|----------|--------|------------|-------------------|
| Control Section 04.35 | | | | | |
| 001 | Control Section Language for Loaned Positions to the Office of the Governor. | 0 | 0 | 0 | |
| | Assembly did not hear this Finance letter. | | | | |
| | Senate approved the Finance Letter and requested a clarification on the budget year General Fund commitment. | | | | |
| | See attached Control Section 4.35 language. | | | | |

Control Section 7.50

| Issue | Description | Assembly | Senate | Difference | Conference Action |
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Control Section 07.50: Federal Reimbursements

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| 001 | Control Section 7.50. | 0 | 0 | 0 | |
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Assembly accepted Control
Section 7.50 as budgeted.

Senate rejected Control Section
7.50 and provided direction to
amend the control section. In
rejecting that control section,
\$80 million in anticipated
federal revenues could not be
scored as revenues.

(Related Items are 9937-901-
0001 and 9937-901-0890)

Control Section 8.52

| Issue | Description | Assembly | Senate | Difference | Conference Action |
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Control Section 8.52: Federal Reimbursements

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| 000 | Control Section 8.52. | 0 | 0 | 0 | |
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Senate rejected Control Section 7.50 based on concerns that augmentation of programs that the Legislature did not specifically intend could occur. Direction was provided to DOF and LAO to consult and amend the control section. The attached Control Section 8.52 is the product of those consultations.

(See related Control Section 7.50 issue)

Control Section 12.00

| Issue | Description | Assembly | Senate | Difference | Conference Action |
|------------------------------|--|----------|--------|------------|-------------------|
| Control Section 12.00 | | | | | |
| 001 | Technical issue to place the State Appropriations Limit (SAL) in Conference. | 0 | -1000 | 1000 | |
| | Assembly approved Control Section 12.00 as budgeted. | | | | |
| | Senate reduced the SAL by \$1000 to put the issue in conference. This technical action is necessary because SAL cannot be finalized until budget revenue adjustments are complete. | | | | |

Control Section 12.10

| Issue | Description | Assembly | Senate | Difference | Conference Action |
|-------|-------------|----------|--------|------------|-------------------|
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Control Section 12.10—Settlement Agreement in *Craig Brown v. U.S. Department of HHS*

| | | | | | |
|-----|--|---|---|---|--|
| 115 | Proposed Change to Control Section 12.10. | 0 | 0 | 0 | |
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Assembly requested to send this issue to Conference Committee.

Senate approved as proposed to provide \$48 million (General Fund) to satisfy the state's 2004-05 obligation pursuant to the Settlement Agreement in the case of *Craig Brown v. U.S. Department of Health and Human Services* (Ninth Circuit Appeal No. 99-16992).

Control Section 12.40

| Issue | Description | Assembly | Senate | Difference | Conference Action |
|-------|-------------|----------|--------|------------|-------------------|
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Control Section 12.40

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| 001 | Mega-Item Flexibility | 0 | 0 | 0 | |
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*Taken up under Item No. 6110,
page 239.*

Assembly modified Control Section 12.40 to allow LEAs to transfer up to 20 percent out of specified categorical programs and up to 25 percent into specified categorical programs. Transfers out of the Economic Impact Aid program are limited to 10 percent.

Senate adopted Control Section language as proposed by the Governor, which continues transfers of up to 10 percent “out” and up to 15 percent “in”.

Control Section 12.60

| Issue | Description | Assembly | Senate | Difference | Conference Action |
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Control Section 12.60

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|-----|--|---|---|---|--|
| 001 | Adds Programs Authorized for Contingency Transfers. Categorical Contingency Transfer Authority | 0 | 0 | 0 | |
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Taken up under Item No. 6110, page 240.

Assembly added Community Day Schools and Adult Education programs to the list of programs in this control section. The Department of Finance is authorized to transfer unobligated funds between these and other programs listed in the control section to address funding shortfalls.

Senate did not take this action.

Control Section 12.75

| Issue | Description | Assembly | Senate | Difference | Conference Action |
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Control Section 12.75

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| 064 | Add New Control Section to Reduce Basic Aid District Funding. | 0 | 0 | 0 | |
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Taken up under Item No. 6110, page 241.

Assembly adopted \$3.1 million reduction in categorical programs for basic aid districts. This is commensurate with the Governor's proposed .3 percent deficit reduction for school districts, per LAO calculations.

Senate adopted a \$2.7 million reduction for basic aid districts, per Department of Finance calculations.

Control Section 15.00

| Issue | Description | Assembly | Senate | Difference | Conference Action |
|------------------------------|---|----------|--------|------------|-------------------|
| Control Section 15.00 | | | | | |
| 610 | Data Center Consolidation Authority and Transfer of \$3.5 million to General Fund. | 0 | 0 | 0 | |
| | Assembly rejected Control Section. | | | | |
| | Senate approved Control Section. | | | | |

Control Section 16.00

| Issue | Description | Assembly | Senate | Difference | Conference Action |
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Control Section 16.00

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| 142 | Allocation of Indian Gaming Revenue for transportation loan repayment. | 0 | 0 | 0 | |
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Assembly approved the Control Section but changed the priority for distribution of the revenue, so that the first \$670 million would be distributed evenly between new Traffic Congestion Relief Program allocations and loan repayment from the Traffic Congestion Relief Fund (TCRF) to other transportation funds.

Senate approved the Control Section with the requested priority for distribution that would repay TCRF loans to other transportation funds prior to funding new Traffic Congestion Relief Program allocations.

Control Section 33.50

| Issue | Description | Assembly | Senate | Difference | Conference Action |
|-------|-------------|----------|--------|------------|-------------------|
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Control Section 33.50

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| 001 | Strategic Sourcing. | 0 | 0 | 0 | |
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Assembly accepted Finance Letter to allow the Director of Finance to reduce departmental budgets to the extent that savings are achieved through procurement reforms, known as “strategic sourcing.”

Senate accepted the \$96 million revenue estimate in the proposal but amended the Control Section 33.50 to state:

Notwithstanding any other provision of law, it is the intent of the Legislature that items of appropriation be reduced for the 2004-05 fiscal year to the extent that savings are achieved through strategic sourcing. The Director of Finance shall provide to the Legislature an implementation timeline for this section which should include, but is not limited to, a report of proposed savings resulting in from strategic sourcing. This report is due at least 30 days prior to the proposed reduction of items of appropriation pursuant to this section, and any reduction requires statutory authorization.

Control Section 34.50

| Issue | Description | Assembly | Senate | Difference | Conference Action |
|------------------------------|---|----------|--------|------------|-------------------|
| Control Section 34.50 | | | | | |
| 001 | Special fund offset General Fund expenditures pursuant to punitive damage awards | 0 | 0 | 0 | |
| TBL | Assembly did not hear this proposal. Senate adopted the control section language and revenue estimate related to appropriating a 75 percent share of punitive damage awards. Senate also added intent language to review the proposal further and address the issue of apportioning a portion of punitive damage awards to the state. Control section and trailer bill language are attached. | | | | |

Control Section 35.00

| Issue | Description | Assembly | Senate | Difference | Conference Action |
|------------------------------|---|--------------|--------|-------------|-------------------|
| Control Section 35.00 | | | | | |
| 001 | Adjustment for Economic Recovery Bonds in the Deficit Recovery Fund. | -929,000,000 | 0 | 929,000,000 | |
| | Assembly rejected the increased General Fund expenditures pursuant to the reduced sale of Economic Recovery Bonds. | | | | |
| | Assembly stipulated that the increased revenues would be used in part to offset their deferring consideration of the Pension Obligation Bond sale (approximately \$353 million General Fund expense). | | | | |
| | (Associated Item is 9934-501-0001.) | | | | |
| | Senate accepted the reduced sale of Economic Recovery Bonds. | | | | |